

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

Financial Statements
for the Year Ended May 31, 2025
and Independent Auditor's Report to the Directors

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.
FINANCIAL STATEMENTS
MAY 31, 2025

CONTENTS

Independent Auditor's Report	1 - 2
Statement of Operations and Fund Balances	3
Statement of Changes in Fund Balances	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13



CHARTERED
PROFESSIONAL
ACCOUNTANTS

DURWARD JONES BARKWELL
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

20 Corporate Park Drive
Suite 300
St. Catharines, ON L2S 3W2

T. 905.684.9221
TF. 866.219.9431
F. 905.684.0566

INDEPENDENT AUDITOR'S REPORT

**To the Directors of
Project S.H.A.R.E. of Niagara Falls Inc.:**

Qualified Opinion

We have audited the accompanying financial statements of Project S.H.A.R.E. of Niagara Falls Inc. (the Organization), which comprise the statement of financial position as at May 31, 2025 and the statements of operations and fund balances and changes in fund balances and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising and donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended May 31, 2025 and 2024, current assets as at May 31, 2025 and 2024, and fund balances as at June 1 and May 31 for both the 2025 and 2024 years.

We were also unable to verify the amount of revenue from contributed materials or the amount of expense of contributed materials distributed to clients as we were unable to observe the counting of contributed materials as received or distributed. We were unable to verify the balance by alternate means. Therefore, we were not able to determine whether any adjustments might be necessary to contributed materials or contributed materials distributed to clients for the year ended May 31, 2025.

Our audit opinion on the financial statements for the year ended May 31, 2024 was modified accordingly because of the possible effects of these limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
St. Catharines, Ontario

August 26, 2025

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.STATEMENT OF OPERATIONS AND FUND BALANCES
YEAR ENDED MAY 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUE		
Amortization of deferred contributions (Note 6)	\$ 61,125	\$ 72,472
Bingo	20,797	18,110
Community Garden programs	2,832	3,100
Contributed materials	4,689,537	4,864,905
Donations and fundraising	1,280,606	1,120,241
Federal grant	10,416	9,540
Healthy Communities programs	138,488	95,131
Miscellaneous	10	896
Municipal grant	298,400	298,400
Nevada ticket sales	-	710
Niagara Region - Housing Stability	91,345	94,353
Other grants	52,949	233,611
Utilities programs	7,200	92,237
	<u>6,653,705</u>	<u>6,903,706</u>
EXPENSES		
Client services	958,865	1,121,481
Contributed materials distributed to clients	4,866,017	5,005,375
Depreciation	101,593	99,807
Donations and fundraising	165,868	165,718
Insurance	22,999	19,238
Maintenance	57,077	52,156
Occupancy costs	89,460	87,302
Office	81,407	83,291
Professional fees	28,400	17,520
Salaries and benefits	561,162	415,484
Vehicle expense	16,554	12,704
	<u>6,949,402</u>	<u>7,080,076</u>
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>(295,697)</u>	<u>(176,370)</u>
OTHER INCOME		
Interest income	37,772	23,197
Unrealized gain on temporary investments	-	59
	<u>37,772</u>	<u>23,256</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>(257,925)</u>	<u>(153,114)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>2,092,925</u>	<u>2,246,039</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,835,000</u>	<u>\$ 2,092,925</u>

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED MAY 31, 2025

	Operating Fund	Capital Assets Fund	Internally Restricted Fund	Total 2025	Total 2024
FUND BALANCES, BEGINNING OF THE YEAR	\$ 1,257,442	\$ 171,960	\$ 663,523	\$ 2,092,925	\$ 2,246,039
DEFICIENCY OF REVENUE OVER EXPENSES	(217,457)	(40,468)	-	(257,925)	(153,114)
PURCHASE OF CAPITAL ASSETS	(17,276)	17,276	-	-	-
FUND BALANCES, END OF THE YEAR	\$ 1,022,709	\$ 148,768	\$ 663,523	\$ 1,835,000	\$ 2,092,925

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

STATEMENT OF FINANCIAL POSITION
MAY 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash - operating fund	\$ 49,293	\$ -
Cash - internally restricted fund	663,523	663,523
Temporary investments (Note 2)	614,575	969,736
Accounts receivable (Note 3)	169,023	36,173
Inventory (Note 4)	393,388	359,137
Prepaid expenses	25,538	66,859
Due from capital fund	5,225	5,224
	1,920,565	2,100,652
Property, equipment and vehicles (Note 5)	657,487	730,094
	\$ 2,578,052	\$ 2,830,746
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities, including government remittances of \$3,661 (2024 - \$3,667)	\$ 62,521	\$ 74,617
Due to operating fund	5,225	5,224
Deferred revenue	171,812	105,070
	239,558	184,911
Deferred contributions (Note 6)	503,494	552,910
Lease commitments (Note 8)	743,052	737,821
	\$ 2,578,052	\$ 2,830,746
FUND BALANCES		
Operating fund	1,022,709	1,257,442
Capital assets fund	148,768	171,960
Internally restricted fund (Note 7)	663,523	663,523
	1,835,000	2,092,925
	\$ 2,578,052	\$ 2,830,746

Approved by the Board:

..... Director

..... Director

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (257,925)	\$ (153,114)
Items not affecting cash		
Depreciation	101,593	99,807
Amortization of deferred contributions	(61,125)	(72,472)
Unrealized gain on temporary investments	-	(59)
	(217,457)	(125,838)
Changes in non-cash operating assets and liabilities		
Accounts receivable	(132,850)	(16,794)
Prepaid expenses	41,321	(39,890)
Inventory	(34,251)	(25,412)
Accounts payable and accrued liabilities	(12,096)	11,160
Deferred revenue	66,742	(102,755)
	(288,591)	(299,529)
INVESTING ACTIVITIES		
Purchase of property, equipment and vehicles		
Building	(7,848)	(7,276)
Computers	(1,710)	(1,286)
Furniture and equipment	(19,429)	(21,634)
Vehicles	-	(126,637)
Decrease (increase) in temporary investments	355,161	(213,951)
	326,174	(370,784)
FINANCING ACTIVITY		
Deferred contributions for property, equipment and vehicles	11,710	161,197
	49,293	(509,116)
INCREASE (DECREASE) IN CASH		
CASH, BEGINNING OF YEAR	663,523	1,172,639
CASH, END OF YEAR	\$ 712,816	\$ 663,523
CASH IS REPRESENTED BY:		
Cash - operating fund	\$ 49,293	\$ -
Cash - internally restricted fund	663,523	663,523
	\$ 712,816	\$ 663,523

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of operations

The Organization is incorporated without share capital under the Ontario Business Corporations Act as a non-profit corporation. The Organization operates a food bank, a housing help centre and an emergency/crisis intervention program for the City of Niagara Falls. The Organization is a registered charity and is exempt from tax under Section 149(1)(1) of the Income Tax Act of Canada.

Basis of presentation

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. The following funds are maintained by the Organization:

Operating fund

Reflects unappropriated resources and is used to account for revenues and expenses related to program delivery and administration activities.

Capital assets fund

Reflects the amortization of deferred contributions designated to purchase the Organization's operating location and unappropriated resources used to purchase capital assets.

Internally restricted fund

Reflects appropriated resources for food purchases, payment of liabilities and capital purchases that are internally restricted and are not available for unrestricted purposes without approval of the Board of Directors.

Revenue recognition

The Organization recognizes restricted contributions as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when the amount can be reasonably estimated and ultimate collection is reasonably assured.

Interest income is recognized when earned, dividends when declared and investment gains and losses when realized or based on fair value on the balance sheet date for temporary investments.

Inventory

Inventory is valued at the estimated fair value of the goods upon acquisition. This represents the amount the Organization would need to pay to acquire the goods if this was necessary to achieve the objectives of the organization.

Deferred revenue

Cash received prior to year end for expenditures or events in a subsequent year is recorded as deferred revenue.

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

Property, equipment and vehicles

Property, equipment and vehicles are recorded at acquisition cost. Depreciation on the property, equipment and vehicles is calculated using the straight-line method over its estimated useful lives as follows:

Building	40 years
Computers	3 years
Furniture and equipment	5 years
Vehicles	4 years
Shelves	10 years
Leasehold improvements	5 years

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include temporary investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2025

(c) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as impairment of long-lived assets, determination of useful lives of property, equipment and vehicles, revenue recognition, inventory, allowances for accounts receivable, accrued liabilities and contingent liabilities.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many companies. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

Contributed services and materials

The Organization relies on varying levels of volunteer work to assist in carrying out its activities. Due to the difficulty in estimating the fair value of contributed services, no amounts for contributed services are recognized in the financial statements.

The Organization receives and distributes a significant amount of contributed materials such as food, toys, clothing and school supplies. The volume of contributed materials received in the year was 1,231,766 pounds (2024 - 1,293,790 pounds) and the volume of contributed materials that was distributed to clients in the year was 1,216,124 pounds (2024 - 1,244,394 pounds). These contributed materials are reflected in the financial statements at fair value at the date of contribution. Food, toys and clothing, and school supplies are valued at \$3.52 per pound, \$15.00 per pound, and \$23.33 per pound respectively, based on estimated values used by similar organizations.

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

2. TEMPORARY INVESTMENTS

	<u>2025</u>	<u>2024</u>
Guaranteed investment certificate, maturity date August 2024	\$ -	\$ 108,711
Guaranteed investment certificate, maturity date September 2024	-	79,183
Guaranteed investment certificate, maturity date November 2024	-	326,834
Guaranteed investment certificate, maturity date December 2024	-	248,752
Guaranteed investment certificate, maturity date April 2025	-	205,824
Guaranteed investment certificate, maturity date November 2025	300,000	-
Guaranteed investment certificate, maturity date May 2026	114,114	-
Guaranteed investment certificate, maturity date May 2026	200,000	-
Credential securities	461	432
	\$ 614,575	\$ 969,736

The guaranteed investment certificates bear interest at rates ranging from 3.50% to 4.20%.

3. ACCOUNTS RECEIVABLE

	<u>2025</u>	<u>2024</u>
Donations receivable	\$ 150,000	\$ -
GST recoverable	11,855	25,379
Interest receivable	7,168	10,794
	169,023	36,173
	\$ 169,023	\$ 36,173

4. INVENTORY

	<u>2025</u>	<u>2024</u>
Food	\$ 307,933	\$ 302,477
Toys and clothing	85,455	56,660
	\$ 393,388	\$ 359,137

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

5. PROPERTY, EQUIPMENT AND VEHICLES

	<u>2025</u>		<u>2024</u>	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Building	\$ 912,607	\$ 388,057	\$ 904,759	\$ 362,030
Computers	48,801	46,537	47,091	44,674
Furniture and equipment	353,398	307,258	333,969	272,659
Vehicles	312,421	233,273	312,421	195,144
Shelves	37,852	32,467	37,852	31,491
Leasehold improvements	9,868	9,868	9,868	9,868
	<u>1,674,947</u>	<u>1,017,460</u>	<u>1,645,960</u>	<u>915,866</u>
Net book value		<u>\$ 657,487</u>		<u>\$ 730,094</u>

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent funds received or designated to purchase specific capital assets. The funds are being amortized on the same basis as the related capital asset.

	<u>2025</u>	<u>2024</u>
<i>Building - 2-4129 Stanley Avenue</i>		
Balance, beginning of the year	\$ 386,126	\$ 399,791
Contributions received during the year	7,125	7,276
Amortization	<u>(21,341)</u>	<u>(20,941)</u>
Balance, end of the year	<u>371,910</u>	<u>386,126</u>
<i>Vehicles</i>		
Balance, beginning of the year	115,850	20,166
Contributions received during the year	-	126,638
Amortization	<u>(20,871)</u>	<u>(30,954)</u>
Balance, end of year	<u>94,979</u>	<u>115,850</u>
<i>Equipment - Various</i>		
Balance, beginning of the year	45,587	35,802
Contributions received during the year	2,874	27,283
Amortization	<u>(16,760)</u>	<u>(17,498)</u>
Balance, end of year	<u>31,701</u>	<u>45,587</u>
<i>Computers</i>		
Balance, beginning of the year	2,009	4,301
Contributions received during the year	1,710	-
Amortization	<u>(1,597)</u>	<u>(2,292)</u>
Balance, end of year	<u>2,122</u>	<u>2,009</u>
<i>Shelving</i>		
Balance, beginning of the year	3,338	3,894
Amortization	<u>(556)</u>	<u>(556)</u>
Balance, end of year	<u>2,782</u>	<u>3,338</u>
<i>Leasehold Improvements</i>		
Balance, beginning of the year	-	231
Amortization	<u>-</u>	<u>(231)</u>
Balance, end of year	<u>-</u>	<u>-</u>
	<u>\$ 503,494</u>	<u>\$ 552,910</u>

PROJECT S.H.A.R.E. OF NIAGARA FALLS INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

7. INTERNALLY RESTRICTED FUND

The Organization's appropriated funds have been allocated to the following future expenditures:

	<u>2025</u>	<u>2024</u>
Food purchases	\$ 410,000	\$ 410,000
Capital assets	253,523	253,523
	\$ 663,523	\$ 663,523

8. LEASE COMMITMENTS

The Organization leases facilities under lease agreements which expire in June 2028 and require monthly payments of \$2,339 and \$1,701 respectively with annual increases of 1.25%. Amounts due in the next four years are as follows:

2026		\$ 50,966
2027		51,603
2028		52,248
2029		4,358

9. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market risk, currency risk, credit risk, and liquidity risk. The Organization has exposure to the following risks associated with its financial instruments:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its temporary investments. The Organization does not use any derivative instrument to reduce its exposure to interest rate risk.

It is management's opinion that the Organization is not exposed to significant market, currency, credit or liquidity risks arising from its financial instruments.